

the time of the Civil War. It has been producing outstanding equipment, with outstanding personnel, to our Nation's military for well over 100 years.

A few years ago, the military changed its procurement rules to require our Nation's arsenals, when they were bidding on a contract, to provide military hardware to our Army or Defense Department. It requires them to submit bids that not only include their marginal cost for producing the product but, in fact, requires them to add into their bid the entire overhead.

This new policy which the Defense Department established a few years ago has actually been harming taxpayers. Why, someone might ask, has that been harming taxpayers? What has been happening, as our Nation's arsenals—and there are three in this country; in addition to one in Illinois, there is one in New York and also one in Arkansas—go to bid on projects to provide supplies to the military, and they have to not only state their cost of building those supplies, they also have to add in the cost of their overhead. That means in analyzing those bids, the military is always going to prefer the bid of the private contractor.

In fact, our arsenals have been losing business from the U.S. Government. This has been harming taxpayers. The reason it has been harming the taxpayers is because once we pay the private contractor to build the weapon or perform on the contract, we are still paying to keep the arsenals open. So the taxpayers wind up paying twice for the project.

For example, a few years ago the military requested a new Light Towed Howitzer. They wound up giving the bid to a British defense firm. The Rock Island Arsenal lost out on the bid. The Government paid the British defense firm to start on the contract, but meanwhile, the Government and the taxpayers are still paying to keep the arsenals open.

My amendment is designed to correct this flaw which is wasting taxpayers' money. From now on, under this amendment, when domestic organic arsenals in this country bid on a military project, they will be able to state their incremental cost for building the product, if it is a Howitzer or other weapon for the military. This way, it will be more fair to the arsenals. They will be able to bid their actual cost and the playing field won't be tilted in favor of the private contractors.

Actually, the Department of Defense convened a defense working capital fund task force a couple of years ago that noted that the taxpayers were being billed twice for these military contractors; that it didn't make any sense. In fact, that issue paper which came out on February 25, 1999, and was issued by the defense working capital fund task force, concluded that

[T]he Department of Defense will ultimately pay twice for maintaining the essential organic capabilities as well as contracting out for the goods or services.

It went on to say that these rules cause an artificial, a fictitious book-keeping entry that overprices the arsenal services and not only encourages behavior that is not optimal for the military as a whole, but also leads to an increasing disparity between military and private suppliers that "results in an increasing abandonment of arsenal services."

Mr. President, I compliment the members of the Armed Services Committee and Chairman WARNER and also the ranking member for accepting my amendment. We should be able to help our Nation's arsenals and particularly the Rock Island Arsenal in Rock Island, IL, as well as save the taxpayers of this Nation some of their hard-earned money.

The PRESIDING OFFICER. The Senator from Nebraska.

HAPPY BIRTHDAY, UNITED STATES ARMY

Mr. HAGEL. Mr. President, I rise today to wish the United States Army happy birthday. It was 225 years ago today, in 1775, that the Continental Army of the United States was formed. That Continental Army of the United States has had a rich, important impact on our country.

Millions of men and women over the last 225 years have served in the senior branch of services of our military forces of the U.S. Army. The Army is interwoven into the culture of America. Those who have had the great privilege of serving in this country in the U.S. Army understand that. It may have been a little difficult during basic training for some, but as we progressed through basic training and became Army men and women, formed, shaped, and molded from raw recruiting into something that America could be proud of, and we could be proud of ourselves, that touch, that impact, that molding, that shape, has defined our country, has defined our culture, and has, in fact, defined the world. The U.S. Army has had an incredible effect on our country and the world for the better.

"Duty, honor, country" is the motto of the U.S. Army. It is America. It is who we are. Not one generation of Americans who have served in the U.S. Army have gone untouched by not only what America is about but what the Army is about. It is a shaping and molding that has touched lives in ways that are hard to explain, just as the Army has touched our national life and made the world more secure, more prosperous, and a better world for all mankind.

On this 225th birthday of the U.S. Army, as an old infantryman who served in the U.S. Army, I say happy birthday to the veterans of this country. We recognize and acknowledge and pay tribute to those generations who have served before some of us had the opportunity to serve a newer Army.

It is the Army that has laid the foundation for our services today and for a

stronger America. To that, we say, again, happy birthday and thank you, in the great rich tradition of the U.S. Army.

Mr. President, we say "hoo-ha."

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. I take a few moments to commend the Senator from Nebraska for his remarks. I think he speaks for most of us, if not all of us. He speaks eloquently in congratulating the Army. That is something we shouldn't forget: The role of the Army, what the Army stands for, what the Army has done, often at a tremendous price, as we know. We shouldn't forget that.

I commend the Senator from Nebraska for his remarks.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 2001

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 7475) making appropriations for the Department of Transportation and related agencies for the fiscal year September 30, 2001, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER (Mr. GREGG). Under the previous order, the language of S. 2720 is before the Senate as amendment No. 3426.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, the pending business before the Senate is the House bill, is that right, or the Senate bill?

The PRESIDING OFFICER. The House bill, with the Senate language as an amendment.

Mr. SHELBY. We have some procedural obstacles to clear, is my understanding here. In the meantime, what I will do is go ahead and make my opening statement.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, chairman STEVENS and the leader asked us to move quickly on this year's Transportation appropriations bill, and I'm happy to say that with the assistance of the senior Senator from New Jersey, we have reported a bill for the Senate's consideration. I am speaking of the Senate bill now. Considering that the Senate approved the Transportation appropriations bill in September last year, I suppose that presenting this bill during the second full week in June would qualify as moving more quickly this year.

I commend Senator STEVENS and Majority Leader LOTT for pushing this agenda.

Both Senator LAUTENBERG and I strongly support this package, though